

House File 2021 - Introduced

HOUSE FILE 2021

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A BILL FOR

1 An Act exempting from the individual income tax all pay
2 received from the federal government for certain military
3 service in support of the national guard and including
4 retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsections 40 and 42A, Code
2 Supplement 2011, are amended to read as follows:

3 40. Subtract, to the extent included, active duty pay,
4 including pay for service performed pursuant to 32 U.S.C. §
5 502(f) and 32 U.S.C. § 709(a) and (b), received by a person in
6 the national guard or armed forces military reserve for service
7 performed on or after January 1, 2003, pursuant to military
8 orders related to Operation Iraqi Freedom, Operation New Dawn,
9 Operation Noble Eagle, and Operation Enduring Freedom.

10 42A. Subtract, to the extent included, all pay received by
11 the taxpayer from the federal government for military service
12 performed while on active duty status in the armed forces, the
13 armed forces military reserve, or the national guard, including
14 pay for service performed pursuant to 32 U.S.C. § 502(f) and 32
15 U.S.C. § 709(a) and (b).

16 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
17 retroactively to January 1, 2012, for tax years beginning on
18 or after that date.

19 EXPLANATION

20 This bill exempts from the individual income tax all
21 pay received by a taxpayer for military service performed
22 in support of the national guard pursuant to 32 U.S.C. §
23 502(f) and 32 U.S.C. § 709(a) and (b). This exempts certain
24 income received by active duty and reserve personnel, certain
25 operational support personnel, and certain dual-status federal
26 technicians.

27 The bill applies retroactively to January 1, 2012, for tax
28 years beginning on or after that date.